

David McClain
President



UNIVERSITY
of HAWAII*
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

August 9, 2007

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MEMORANDUM

TO: Kitty Lagareta
Chairperson, Board of Regents

FROM: David McClain
President *David McClain*

SUBJECT: Supplemental Budget 2008-2009

In the spirit of insuring that the Board receive direct information from the campuses it governs, as WASC has advised, I am forwarding for the Board's consideration at its meeting on August 24 requests received from the campuses and from the system office for our Supplemental Budget submission to the Executive and Legislative branches. At the August 24 workshop, I will review these requests with the Board, and provide my suggested priorities. Based on the Board's review and counsel, we will prepare a final recommendation for the Board's approval at its meeting September 27 and 28.

Guidance in the preparation of this budget request was provided to campuses in the attached memorandum, dated May 29, 2007, which was prepared by Vice President/CFO Todo. As this is not a biennium budget year, we are limiting consideration to items not funded from our biennium budget request submitted last year, plus new items of an urgent nature (e.g., additional funds for student health and safety).

The Board of Regents' Biennium Budget request for new operating funds totaled \$39 million in fiscal year 2007-2008 (FY 08), and \$58 million in fiscal year 2008-2009 (FY 09). The University received \$26 million (\$13 million less than requested) and \$37 million (\$21 million less than requested). The Board's Biennium Budget request for general-obligation-bond-funded capital improvement projects totaled \$268 million in FY08, and \$274 million in FY09, a total of \$542 million. The University received \$183 million in CIP funds in FY08, and \$2 million in FY09; a total of \$185 million (\$357 million less than requested over the two years of the biennium).

The campuses and system office recommendations for the FY 09 operating budget total some \$52 million in additional general funds, substantially above the \$21 million shortfall noted above. The campuses and system office recommendations for capital improvement funds total some \$504 million; the system office request includes health and safety items and capital renewal and deferred maintenance for all campuses.

A \$3 million increase in special funds is being requested; this is simply raising a ceiling on a special funds account.

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Requests received by campuses are as follows:

Supplemental Budget Requests 2008-2009

<u>Campus</u>	<u>Operating</u>	<u>CIP (G.O.Bond Funded)</u>
Mānoa	\$25.3 m.	\$ 93.7 m.
Hilo	\$ 3.3 m.	\$139.5 m.
West O'ahu	\$ 1.7 m.	\$ 0.0 m.
Community Colleges	\$18.4 m.	\$115.6 m.
System Office	\$ 3.4 m.	\$155.4 m.*
Aquaria	\$ 0.1 m.	\$ 0.0 m.
Small Business Development Center	<u>\$ 0.0 m</u>	<u>\$ 0.0 m.</u>
Total	\$52.2 m.	\$504.2 m.

* Includes health and safety and capital renewal and deferred maintenance for all campuses.

I anticipate recommending an operating budget in the \$25-\$30 million range, and a capital improvements budget of about \$350 million; we are still obtaining information from the campuses concerning some of their requests. About \$7 million of the total campus operating request is for repair and maintenance funding; that can be shifted to the "Capital Renewal and Deferred Maintenance" item in CIP funding, which has consistently been one of the Board's leading priorities. Many requested campus items, while important, are more appropriately included in the 2009-2011 Biennium Budget, which will be presented to the Board in September 2008. This includes a number of items identified by campuses as important for sustaining their accreditation in the years ahead.

The magnitude of my recommendations will reflect the State of Hawai'i's evolving revenue prospects, as well as the need to be accountable for the expenditure of the funds requested. After the Board's August 24 meeting, the Council on Revenues will issue a revised forecast in mid-September, about 10 days before the Regents' next meeting on September 27-28. We will need to be prepared to adapt our request in light of new information from the Council on Revenues.

A complete set of spreadsheets containing descriptions of the requests received is attached. The Board of Regents office has one copy of the Form A for each specific operating program activity requested, and one copy of the Table R for each capital improvement project requested, should you wish to review the requests in detail.

Attachments

c: Executive Administrator & Secretary to the Board Pang